GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1831
ANSWERED ON:25.11.2016
Violation of RBI Regulations
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Will the Minister of FINANCE be pleased to state:

(a) whether Public Sector Banks have found to have indulged in foreign exchange fraud in violation of RBI regulations;

(b) if so, the details thereof and the number of cases have been detected by the Government during the last two years; and

(c) the measures taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): Reserve Bank of India (RBI) has informed that Public Sector Banks (PSBs) have not been found to have deliberately indulged in forex frauds, though staff collusion in the irregularities in the import transactions detected in the Bank of Baroda (BOB) case cannot be ruled out.

BOB reported a case with the Central Bureau of Investigation (CBI) and the Enforcement Directorate (ED) on Sept 24, 2015 regarding serious irregularities having been committed in overseas remittances of foreign exchange suspecting money laundering in the Ashok Vihar Branch of the bank. CBI and ED have registered cases on the basis of a complaint filed by BOB. CBI has informed that charge sheet has been filed in the court. Case is under further investigation against other bank officials and private persons.

RBI has informed that comprehensive guidelines on handling export/import transactions have been issued to all Authorised Dealer (AD) banks covering inter-alia, advance remittance for imports, submission of evidence for imports, follow up and monitoring of overdue cases and reporting requirements etc.

In order to streamline import monitoring systems across different agencies viz. AD banks, customs and the STPI/SEZ, RBI has devised an Import Data Processing and Monitoring System (IDPMS) which will facilitate tracking of each and every import transaction without exception. IDPMS is already functional since October 10, 2016.

Strict directions have been issued to all AD Category banks to ensure adherence to extant guidelines on export/imports and to look into internal security/system administration aspects, such that system capabilities including alerts/warning protocols provided therein are not compromised or ignored.
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